

Philip Morris at Door Of \$1 Billion Sales Club

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Los Angeles Times-Washington Post Service

NEW YORK — The accelerating anti-smoking campaign appears to be making inroads on national cigarette sales, but Philip Morris, Inc., is bucking the trend.

Cigarette sales actually declined nationally during the third quarter and for the first time in many years the industry as a whole will show only a 1 per cent rise in sales for the year. But New York-based Philip Morris will show an impressive 9 per cent sales gain for the year.

Cigarette Aimed at Women

The increase, according to John E. Cookman, a Philip Morris vice president, will help the nation's fourth largest cigarette maker enter the somewhat exclusive group of companies with \$1 billion in annual sales.

Last year, Philip Morris had sales of \$904.8 million. That's a lot of cigarettes -- 80 billion, according to Cookman.

The company's namesake, the Philip Morris brand, has been a contributor to

that gain, but even greater contributors have been Marlboro, Parliament and Benson and Hedges 100's. And women are just starting to call for Virginia Slims, a new 100-millimeter cigarette aimed exclusively at the distaff side.

Philip Morris has a plant in Louisville.

The attacks on cigarettes, Cookman says, "can't be anything but harmful," he complained. "But how effective they have been is hard to tell. People certainly don't stop driving when they look at the highway accident fatality statistics."

"Wall Street generally has estimated that we will earn between \$4.25 and \$4.35 per share this year," he continued. "Our chairman (Joseph F. Cullman) has also indicated that he thought \$4.30 would be a conservative estimate at this time."

For all 1967, Philip Morris, whose cigarette brands are sold in 150 countries, had net earnings of \$43,603,000, or \$3.94 per share, an increase of 27.6 per cent over the \$34,183,000, or \$3.08 a year earlier.

What's the secret of Philip Morris' success?

Basically, according to Cookman, it's a story of good advertising and superior packaging and marketing, a factor which has helped the company increase its market share from 10 to 15 per cent in just a few years.

"We believe that in the long run in this business that to be first with an innovation is vitally important if you are to have a successful product," he said.

He claimed that Marlboro pioneered the flip-top box. The introduction of Benson and Hedges 100's with the popular "in" advertising campaign (smokers of the brand snapped off cigarette ends with their lighters, got the end caught in elevator doors or burned their friends' beards) contributed \$125 million to sales this year. When first introduced into the United States in 1966, the brand contributed "nothing" to sales.

No Plans to Change TV Ads

Philip Morris has no plans to change its TV advertising as a result of a federal appeals court decision that upheld a federal communications advisory opinion requiring broadcasters to devote "significant" time to antismoking messages.

Though the case is expected to go to the Supreme Court, some tobacco company executives are said to be questioning whether the value of cigarette commercials on TV is offset by the damage caused by the anti-smoking messages that must be aired because of them.